

SEP Pre-Bid Conference

Municipal Financing District Program



Program Purpose

- Assist Cities, Counties and Groups of Cities and Counties in Implementing or Continuing Their Own Financing District Programs to Fund Energy Efficiency and On-Site PV Retrofits in the Residential and Commercial Sectors.
- Ensure that Programs are Structured to be Cost-Effective, Sustainable, Transparent and Achieve the Greatest Energy Savings for the Amount Invested.



Financial Assistance to Local Government

Financial Assistance Options

- Cover Program Start-Up Costs
- Cover Some Ongoing Program Administration Costs
- Cover the Cost of Energy Audits/Home Energy Ratings
- Interim Financing (Warehouse Line of Credit)
- Interest Rate Buy-Down
- Homeowner Grants/Rebates (for Low Income Homeowners or Whole-House Energy Efficiency Retrofits)

(Funds provided through ARRA may trigger prevailing wage)



Required Program Elements

- Eligible Improvements
 - ✓ Offer financing for improvements listed in Tier 2 and Tier 3 of the Residential Retrofit Program, and for permanent improvements in the Municipal and Commercial Retrofit Program
- Loading Order
 - ✓ Require and offer financing for a energy efficiency measures (for at least a 10% reduction in energy use) before financing will be offered for renewables
- Energy Audits/Home Energy Ratings for Program Participants
 - ✓ Require energy audits/ratings/building commissioning consistent with the HERS program in advance of energy improvements
 - ✓ These audits may be financed with Energy Commission funds



SEP Pre-Bid Conference -

California Comprehensive
Residential Building Retrofit Program



SEP Pre-Bid Conference -
California Comprehensive Residential Building Retrofit Program

Three-Tiered Approach

- 1st Tier – Low-cost Items; Provide Information; Recommend Moving to Higher Tiers
- 2nd Tier – Installation by a Specialty Contractor; Pull Permits, Use Title 24 Protocols/Field Verification
- 3rd Tier – Whole-House Retrofits; HERS II Based; Deeper, Comprehensive Retrofits; Extensive Diagnostics; Level Needed to Meet California's Policy Goals



SEP Pre-Bid Conference -
California Comprehensive Residential Building Retrofit Program

Required Program Elements

- Regional Consortia
- Targeted Information to Recruit Participants
- Workforce Training and Support for Each Tier
- Access to Retrofit Financing (Municipal Financing, EECBG, Weatherization, EEMs, NSP, FHA/HUD, Energy Star Mortgage, Utility Incentives, Other)
- Support/Facilitate California HERS Field Verification to Insure Quality Control
- Use Funding to Seed Programs that will be Self-Sustaining After ARRA Expiration



SEP Pre-Bid Conference -
California Comprehensive Residential Building Retrofit Program

Collaborate with National and State Programs

- Home Performance with Energy Star (Building Performance Institute)
- HUD Neighborhood Stabilization Programs and EEM and Other HUD Financing Programs
- California HERS Program, Phase I and II
 - Desirable: Time-of-Sale, Multiple Listing Service Initiatives
- Utility Residential Retrofit Programs (CPUC, IOUs, POUs)



SEP Pre-Bid Conference -

Municipal and Commercial Building Targeted Measure Retrofit Program



Program Goal & Objectives

- Focus on achieving significant energy savings from retrofits where opportunities exist in large numbers across the state's municipal and commercial building sectors
 - Best practice retrofit measures
 - Green workforce development
 - Marketing campaigns to maximize participation and publicize results
 - Program results lead to lasting changes in the market



SEP Pre-Bid Conference -
Municipal and Commercial Building Targeted Measure Retrofit Program

Targeted Measures

- Focus on Technologies that can Transform Specific Markets
 - Implement Best Practice Concepts
 - Realize Large Energy Savings Compared to Existing Technologies
 - Provide Non-Energy Benefits (e.g., Higher Quality, Increased Safety, Reduced Maintenance)



Top: Old HPS fixtures at Sacramento State Univ.
Bottom: New Beta LED parking garage installation



SEP Pre-Bid Conference -
Municipal and Commercial Building Targeted Measure Retrofit Program

Eligible Applicants

- Public, Nonprofit or Private Organizations
- Lead Agency to Act as Program Administrator
 - Organize Key Aspects of Program (e.g., Volume Purchasing, Marketing & Outreach, Workforce Development, Project Reporting)
 - Deploy Retrofits Through Public and Private Partnerships (e.g., Local Governments, Special Districts, Private Building Owners & Managers)



Proposal Evaluation Criteria



Program Design – Common Elements

- Leveraged Funding
- Participant Recruitment and Program Communication
- Economically Disadvantaged Areas
- Quality Assurance
- Verification of Energy Savings
- Sustainability / Lasting Changes in the Market
- Program Cost Effectiveness
- Team Organizational Structure



Program Design – Leveraged Funding

- ✓ Leveraged funds reflect commitment by all partners to actively participate & sustain program benefits into the future
- ✓ Leverage funding are used to accomplish the program goals & successfully execute the program design
- ✓ Leveraged funds are commensurate with the benefits gained by the funding partners and their constituents
- ✓ Level of risk identified for each leverage funding source
- ✓ Each type and source of leveraged funds is listed in the appropriate budget worksheets
- ✓ Program activities with leverage funding shown in SOW



Program Design – Participant Recruitment and Program Communication

- ✓ Strategies and resources are included in SOW to effectively market the retrofit installations to potential participants
- ✓ A plan is included to educate consumers and recruit participation
- ✓ The roles and activities of program partners will increase community and/or industry involvement to increase awareness of and demand for the energy efficiency retrofits



Program Design – Economically Disadvantaged Areas

- ✓ Planned program activities will positively impact areas of the state that are economically disadvantaged
- ✓ Activities that target economically disadvantaged areas are reflected in SOW
- ✓ Unemployment rates for the targeted region are compared to that of other areas of the state & the statewide average unemployment rate
- ✓ Other characteristics of economically disadvantaged areas, such as high foreclosure rates & low income levels, are justified, as appropriate



Program Design – Quality Assurance

- ✓ Program implementation will ensure & demonstrate the quality of installed energy improvements (both energy efficiency and onsite renewable generation)
- ✓ Quality assurance procedures will be undertaken to maintain the cost-effectiveness, energy savings and reputation of the program
- ✓ Program ensures that measures are installed by well qualified contractors
- ✓ Activities to achieve Quality Assurance are detailed in SOW



Program Design – Verification of Energy Savings

- ✓ Data collection & computation methods required to calculate the energy savings and demand reductions from the retrofit activities
- ✓ Program activities that verify the actual energy savings and demand reductions due to the retrofits
- ✓ A plan to collect & organize required M&E data from all retrofit program participants
- ✓ Strategies to encourage retrofit participants to cooperate with ARRA SEP Program evaluations
- ✓ Program activities to verify energy savings are reflected in SOW



Program Design – Sustainability / Lasting Changes in the Market

- ✓ Program will accomplish DOE's SEP goal of strategic intervention that causes lasting changes in the market
- ✓ The achievement of program objectives will continue to expand & accelerate beyond the ARRA SEP Program period
- ✓ Requested ARRA SEP funding will make a difference in enabling this sustainability to occur
- ✓ Activities to achieve Sustainability/Lasting Changes in the Market are detailed in SOW



Program Design – Program Cost Effectiveness

- ✓ The cost effectiveness of program is provided in terms so that it can be compared to the DOE and ARRA goal of 10 million source Btus saved per \$1,000 of SEP money spent
- ✓ Details that explain and justify the calculations
- ✓ Requested funds are appropriate, relative to the goals & objectives of program
- ✓ Requested funds are justified based on the resultant value to the State - such as number and type of jobs created, energy savings, demand reductions & sustainable market change



Proposal Evaluation Criteria

Program Design – Team Organizational Structure

- ✓ Primary contact person for the program
- ✓ Organizational chart of the entire program team
- ✓ Short description of each subcontractor and partner, & their specific role in the program
- ✓ Technical capabilities facilitate communicating with the Energy Commission and managing the program (e.g., web conferencing, web portal for document management and team collaboration)



Proposal Evaluation Criteria

Program Design – PON Specific Elements

Municipal Financing Program

- Financing Plan
 - ✓ Provide details for the program's proposed financing
 - ✓ At minimum, answer questions in the PON regarding the program's financing plan



Proposal Evaluation Criteria

Program Design – PON Specific Elements

Municipal Financing Program

- Uses for Energy Commission Funds
 - ✓ Explain how the proposed program is expected to use Energy Commission funds
 - ✓ Describe effects Energy Commission funds are anticipated to have on the proposed program and energy use in the region



Proposal Evaluation Criteria

Program Design – PON Specific Elements

Municipal Financing Program

- Eligible Improvements
 - ✓ Fund 2nd and 3rd Tier Residential Program measures
 - ✓ Explain how program will strongly transition to increased uptake of 3rd Tier within one year, enabling more whole-house retrofits.
 - ✓ Fund targeted measures approved by Municipal and Commercial Program
 - ✓ May propose additional measures to the Energy Commission for coverage by the program



Program Design – PON Specific Elements

Municipal Financing Program

- Loading Order
 - ✓ Specify that program will require and offer financing for energy efficiency that achieves a 10% reduction in total energy use as a condition of financing onsite renewable generation
 - ✓ Specify that HERS II Index will be used once HERS II Providers/Raters are available in region
 - ✓ Propose methods to determine the 10% reduction for other buildings or in advance of HERS II
 - ✓ Propose program requirements for greater than 10% total building savings



Proposal Evaluation Criteria

Program Design – PON Specific Elements

Municipal Financing Program

- Home Energy Ratings, Energy Audits, and Building Commissioning
 - ✓ How the program will meet and fund HERS I field verification for 2nd Tier and HERS II whole-house energy audits/ratings for 3rd Tier
 - ✓ How the program will ensure and fund commercial energy audits and the investigative phase of building commissioning projects
 - ✓ How the program will ensure and fund energy audits for multi-family buildings that may be outside the scope of HERS II and HPwES



Program Design – PON Specific Elements

Municipal Financing Program

- Property Qualifications
 - ✓ Methods the program will use to screen applicant properties for creditworthiness.
 - ✓ Explain how methods will protect the program from defaults and increase lender confidence



Program Design – PON Specific Elements

Municipal Financing Program

- Legal Considerations
 - ✓ Current and planned progress in establishing the legal status of the program, including
 - ✓ Resolutions by governing body
 - ✓ Status of future, pending, or already obtained unqualified legal opinions and validation actions
 - ✓ How program will address mortgage provisions restricting property owner's acceptance of priority liens for both residential and commercial properties



Program Design – PON Specific Elements

Municipal Financing Program

- Regional Approach
 - ✓ Geographical scope of the program including the population covered
 - ✓ Expected market penetration in terms of percentage of the total population and penetration within specific target populations or communities within the region



Proposal Evaluation Criteria

Program Design – RFP Specific Elements

California Comprehensive Residential Building Retrofit Program

- Regional Approach
 - ✓ Explanation of how a regional approach is used to create a larger and more effective program
 - ✓ Commitments from organizations throughout the region that the program will be a regional priority
 - ✓ Identify all governmental organizations that are participating and actively supporting program.
 - ✓ Identify all organizations who will receive funding, all organizations that will actively coordinate.



Proposal Evaluation Criteria

Program Design – RFP Specific Elements

California Comprehensive Residential Building Retrofit Program

- Conformance with California Law
 - ✓ How program will ensure building permits are pulled, and contractors are properly licensed.
 - ✓ How Title 24 requirements for alterations and HERS I field verification will be ensured.
 - ✓ How HERS II procedures will be ensured for 3rd Tier, whole-house retrofits.
 - ✓ Detail on processes in the SOW



Proposal Evaluation Criteria

Program Design – RFP Specific Elements

California Comprehensive Residential Building Retrofit Program

- Collaboration with National and State Programs
 - ✓ How program will collaborate with national programs, including HPwES and HUD programs
 - ✓ How extensive whole-house training will be provided to contractors working with HPwES sponsors and BPI
 - ✓ How program will work with CPUC directed IOU programs, POU programs and other state programs
 - ✓ How program will advance CEC goal of HERS ratings at point-of-sale/in multiple listing services
 - ✓ Detail on activities in the SOW



Program Design – RFP Specific Elements

Municipal and Commercial Building Targeted Measure Retrofit Program

- Targeted Retrofit Measures
 - ✓ Best practice technology
 - ✓ Market transforming features
 - ✓ Expected per measure energy savings & demand reductions are
 - ✓ Data collection and computation methods required to calculate the energy savings from the retrofit
 - ✓ Energy savings accounting methodology & data collection plan included as deliverables in SOW



Program Design – RFP Specific Elements

Municipal and Commercial Building Targeted Measure Retrofit Program

- Public and Private Partnerships
 - ✓ Specific public and/or private partnerships have been established to implement the program
 - ✓ Partnerships bring specific benefits & contribute to the goals and objectives of program
 - ✓ Participation by each partner is explained
 - ✓ Partnership activities are reflected in SOW



Program Design – RFP Specific Elements

Municipal and Commercial Building Targeted Measure Retrofit Program

- Collaboration with Existing Efficiency Programs
 - ✓ Public goods efficiency program resources that will be leveraged to deploy the retrofit technologies
 - ✓ How the proposed program contributes to the stated goals of *California's Long Term Energy Efficiency Strategic Plan*
 - ✓ All collaboration with existing efficiency programs included in the SOW



Proposal Evaluation Criteria

Workforce Development & Job Creation

- ✓ Formula-based estimate of direct jobs created (divide the total investment in the program by \$92,000)
 - “Total investment” = ARRA SEP funding + leveraged funds
- ✓ Each job type expected to be created or retained
- ✓ Estimate number of direct jobs expected
- ✓ Job training approach
- ✓ Coordination with the Green Jobs Training Program, utility training centers, other regional workforce development efforts
- ✓ Workforce development and job creation activities included in SOW



Energy, Peak Demand and GHG Emission Reductions

- ✓ Estimates of electricity savings expected
- ✓ Estimates of natural gas savings expected
- ✓ Estimates of peak demand reductions expected

The Energy Commission will use California specific emission factors to calculate the greenhouse gas emission reductions expected from the energy savings estimates provided by the Bidder.



Proposal Evaluation Criteria

Time Criticality

- ✓ ARRA SEP funding will be expended to complete all planned energy retrofits by March 31, 2012
- ✓ Plans to monitor implementation progress
- ✓ Program schedule that delineates progress reports, Critical Program Reviews and other program milestones
- ✓ Detail in SOW, including completion of the first Critical Program Review by June 30, 2010



Program Transparency and Reporting

- ✓ Compliance with transparency and reporting requirements of the Federal Government, State of California, Energy Commission, ARRA, and DOE for SEP programs
- ✓ Details on how the Bidder will enforce these transparency and reporting requirements for sub recipients and vendors
- ✓ Methods to collect project performance data, compute key project metrics, transfer data to the Energy Commission, publish project results



Program Transparency and Reporting (continued)

- ✓ Methods are flexible enough to meet probable changes to ARRA SEP tracking and reporting requirements
- ✓ Financial and accounting processes and procedures safeguard ARRA SEP funds from fraud, misuse and waste
- ✓ Transparency & reporting activities included in SOW



Program Team Qualifications & Experience

- ✓ Team's qualifications suitable to conduct highly effective program
- ✓ Nature and scope of prior work relate to goals, objectives, & strategies of RFP & tasks in the SOW
- ✓ Bidder staff, subcontractor staff and partners are listed, including partners not receiving ARRA funding
- ✓ Team member roles in completing each task
- ✓ Job classifications, relevant experience, education, academic degrees, and professional licenses of all team members



Program Team Qualifications & Experience (continued)

- ✓ Current resume for each team member
- ✓ Percentage of time each team member will be available throughout the contract
- ✓ Each team member's participation reflected in SOW & the appropriate budget worksheets



Proposal Evaluation Criteria

Statement of Work

- ✓ Clear plan to achieve goals & objectives of program
- ✓ Sequence of tasks, milestones, sub-tasks and deliverables necessary to conduct the program activities, document progress and accomplishments
- ✓ SOW is logical and reasonably sequences tasks
- ✓ Subtasks added to the Program Delivery Task with detailed lists of contractor activities that demonstrate a clear, appropriate and complete plan
- ✓ Well-defined sets of intermediate and final deliverables within the subtasks



Statement of Work (continued)

- ✓ Program partners involved in each subtask
- ✓ Each aspect of the program design is integrated into the list of subtasks, contractor activities and deliverables
- ✓ Potential risks identified and assessed
- ✓ Plans for mitigating these risks



Proposal Evaluation Criteria

Program Budget

- ✓ Budget & schedule for each task and subtask in SOW; Key personnel and subcontractors committed for proper hours and functions to accomplish activities in SOW
- ✓ Budget information consistent with SOW & itemizes reasonable costs for personnel, subcontractors, materials, operating expenses, fees ... for each subtask
- ✓ Appropriate ratio of direct versus indirect costs considering Indirect Overhead, General and Administrative and Profit percentage rates
- ✓ Total program budget, ARRA SEP budget, and the leveraged funds budget for each task and subtask
- ✓ Budget itemized by personal services, subcontractors, operating expenses, fees, and total expenditures

